

Conversation with Ellis Hawk, November 18, 1954
Transcribed by David Hawk and Alan Hawk, January 2013.

Mr. D: We are sitting here, in the lovely home of Mr. & Mrs. Ellis Hawk, on their fine farm near Shelby, Ohio. Ellis, you are much smarter than the rest of us who are still trying to work out these things, in having started to do the thing you've always wanted to do in your own farm operations. We certainly consider it a privilege to visit with you and while here, I want to reminisce a little while about some of our experiences, and your experience in particular, when you were working with our fine Union Central Life Insurance Company¹.

Ellis, if my memory serves me right, it was along in February of 1937 when we discussed the matter of doing some appraisal work for the Union Central Life Insurance Co. Well, I slipped, Ellis, it was January of 1937 when we had the big flood, and I am glad your corrected me in this. That was quite a long time ago, Ellis, but if my memory serves me right I believe you and John Cunningham and Lowell Moffett took some legal descriptions and appraisal blanks and went down into Tennessee.

Mr. H²: Brother, it's a pleasure to have you and Marion with us, and I am happy to go over some of my many experiences that you and I and other members of the Union Central had in the years that I worked for the Union Central, and had a part in achieving a program which I think is something which no other life insurance company has done, i.e. made a lot of people happy owners of property which they could not have owned other than by the program which the Union Central carried out.

You are right, in that the first work I did for the Union Central was on some appraisals in Tennessee. We got off to a rather wet start, as we pulled into Clarksville on Saturday night, and the next morning the flood waters had blocked in the city and we were marooned there for a week. It got rather monotonous seeing the same movie over, night after night, but we finally got so that we could get out on the field and look at some of the properties. I recall that some of these properties had considerable value, and that some of them had been badly neglected. Among the fine properties I remember is a river bottom farm south of Nashville which, while it was off the road, had some excellent soil on it. I know that at the time this farm had been considered as one which would be hard to sell, but to me it had a lot of value and I made a report accordingly.

Mr. D: I remember you talking about that farm, Ellis. I think it was 5 or 7 gates you had to go to get to it.

Mr. H: I remember on that we had to go through a neighbor's farm, open and close his gates, and that in looking over his property on the way back to the union Central property it occurred to me that he did not have any land equal

¹ Union Central Life Insurance Company was founded in Cincinnati, Ohio in 1867. It was established as a mutual insurance company. In 2005, it formed a mutual insurance holding company the Union Central Mutual Holding Company and converted the life insurance company to a stock company. On January 1, 2006 that holding company merged with the Ameritas Acacia Mutual Insurance Holding Company to form the UNIFI Mutual Holding Company. (REF: http://en.wikipedia.org/wiki/Union_Central_Life_Insurance_Company, accessed 12 February 2013)

² Ellis Leroy Hawk, Sr. born: 6 August 1898, Shelby, Richland, Ohio, died 9 May 1973, Shelby, Richland, Ohio.

to the part owned by the Union Central, and as a result I recommended that he be contacted as a purchaser. If my memory serves me correct, he now owns that property at a figure much higher than he ever offered to any Field Representative prior to the appraisal.

Mr. D: That is correct, Ellis, and I recall that was another example of the occurred early in our appraisal program that brought very forcibly to the management of the Company the necessity for an independent appraisal of its farm properties.

Mr. H: In reviewing my experiences with the Company I believe that after the Tennessee appraisals you called me into the Home Office to review some of these appraisals. After some review questions were raised about some of these farms and appraisals, particularly in Idaho. On that trip we went to Idaho and met Roy Roberts at Cheyenne and spent some time reviewing some of the farms there.

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Mr. D: I believe you recall, Ellis, that we discussed having Roy Roberts go over some of these properties with us because he is considered as one who know the water right problem in the irrigated area as well as any one we could find.

Mr. H: That is correct, Bernard. Roy really knows the water rights and the irrigation sections and what benefits accrue to land from it. It was a real pleasure working with Roy on those farms, and I am confident that he brought a new light to some of the appraisers who had been working in that area. On this trip, which was in May 1937, we visited the Rockland Valley in Prowers County, Idaho. At that time land was very depressed in that area, and we talked to one farmer there about buying a Union Central farm which we owned. He said he was not interested in any more land and that he thought the Government had the right idea of converting a lot of that land back to grazing land. It so happened that I was back in the same area in September, after they had harvested a bumper wheat crop in the Rockland Valley, and it was just the reverse of the situation in May. Farmers were anxious to buy land and in some cases the wheat had more than paid for the land that they had purchased earlier.

Mr. D: I recall, Ellis, our conversation and discussion about the Rockland Valley. That valley had, for a great many years, a fine reputation for the producing of winter wheat. It is a dry land area, but in this valley they have a greater rainfall than the lands in that general area, and with summer fallow practices they were able to produce good winter wheat crops. You told me, Ellis, about some fellow who had sold his land to the Government for restoration land, and I wonder if you recall something about your conversation with that person.

Mr. H: Yes, Bernard, that situation has occurred to me many times about this man. Apparently he was tickled to sell this land for, I believe, about \$8.00 an acre, to the Government, for restoration land. It so happened that he had some wheat seeded on this land and at harvest time his wheat amounted to about 30 bushels per acre, which at the current prices, would bring in about \$30.00 an acre. He was one of the sickest men that fall that I have ever talked to.

Mr. D: I think this experience is very similar to that had by other folks in various parts of the country, particularly during the dry time and when prices of farm commodities were extremely low. But at this time, in certain areas, recovery had begun to show itself.

Ellis, I believe that the records will show that the majority of the lands owned in the State of Idaho were irrigated lands or in the better dry land area. However there was one district, up in the St. Anthony country that you and Lou Kern and I visited one May and I wonder if you recall what happened on the afternoon.

Mr. H: Bernard, I doubt if I ever forget that afternoon. We left fine irrigation country and went up over the sandy, wind-blown area which laid away from the irrigated section. We were trying to locate some Union Central properties from a map, but since there was no road we were obliged to follow our noses, so to speak. After getting about 10 or 15 miles out in the country, or rather sand dunes, and sage brush, we noticed that the care was getting hot. The next thing we noticed was that it was on fire. Not only that, but we were stuck with wheels spinning in the sand. We threw sand on the car and finally got the fire out, then after considerable persuasion Lou Kern was persuaded to let part of the air out of the tires and when the car had cooled off it pulled out. We

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Mr. H.: got back to town, but it was surely a hot car when we got there.

Mr. D: It was quite late in the evening, too, and I doubt we would have gotten in by that time if we hadn't run across a waterhole out there in the desert. Ellis, I believe our map showed that there were at least five of these properties that was covered anywhere from 20 to 30 feet by sand, and we were informed in that area that this and, or dune, was moving forward at the rate of about one foot a year, indicating that a number of these descriptions had been covered by sand for years past. However, you will recall, Ellis, that we learned if a person owns some of these lands down below that our acreage in the valley that they were entitled to certain grazing rights up in the Taylor Grazing District, and these properties were sold to sheep men, giving them increased rights up in the Taylor Grazing area.

After working through the various Districts and areas in Idaho I believe we went on over into the State of Oregon, to our then Manager, Mr. Bud Kaufman, and Herb Ziegler who was doing some of that appraisal work for us in the State of Oregon at that time.

Mr. H: Yes, Bernard, I remember that trip. That's the time you won the big knife. You were looking at one of the properties and discussing it with Bud Kaufman, Herb Ziegler and myself, and whittled quite a bit on a stick. After the deal was over, Bud Kaufman was so impressed that he bought you the biggest knife I ever saw for a pocket knife.

Mr. D: I remember that knife. Bud said if I could whittle myself out of that tight a spot with a small knife that the one he was sending, that size could get me out of any spot.

Ellis, I believe you stayed in Oregon and went over and reviewed many of the properties with Herb Ziegler and concluded your work there from a review approach.

Mr. H: That is right. Herb Ziegler and I reviewed a number of items in the Willamette Valley, the Hood River country, and then went over to Burns, Oregon, to see the properties there. From there, Herb Ziegler returned to Portland and I went over to Boise, where I met Lou Kern and we reviewed some properties there in Idaho and on down to Salt Lake City, Provo, Roosevelt and some of those farms in that area.

Mr. D: Ellis, do you remember that island that we owned in the Columbia River that was just below the Vista Dome along the Columbia River drive. It was about 500 odd acres and had to be reached by boat. This property was later sold to the State Highway Department and the dirt was removed for fills and ballast in building the new Columbia River Highway.

Mr. H.: Yes, Bernard, I remember that on a trip with Bud Kaufman, Herb Ziegler and yourself, and it was really a beautiful sight. It is news to me that that property has all been excavated, but at the time it was quite an interesting property and one which had considerable value from the standpoint of highway development and parkway development along the Columbia River. While in Utah we visited the farm properties owned by the Union Central in the Dry Gulch Irrigation District. This District was properly named, as the promoters had over-sold the irrigatable land in proportion to the water. I remember one property which was on the end of the irrigation ditch and I can see why it was turned over for the mortgage. The water never got as far as the farm. It is surprising how some of these bad instances stand out where there were so

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many good property in Utah, particularly in the well-improved districts, such as the Cache Valley.

Mr. D.: I was through the Cache Valley this Fall, and it is certainly a beautiful area. You no doubt recall the property we sold to Alvey, near Richmond, where we almost had a gun battle over the water rights with the other users of the Richmond Water Users Association. Alvey was put on this property as a tenant, and immediately some of the neighbors began to steal his water, and it was only through a long-drawn out legal process before we were able to re-establish and obtain the water necessary for the use of this property, which rightfully belonged to it. In this respect the firm of Merrill & Merrill, Attorneys, from Pocatello, Idaho, who represented the Company in that area for a great many years had to take this case clear to the Supreme Court of the State of Utah in order to have proper adjudication of this water right. Oak Burris of our then Portland Office, who had formerly been associated with Miller & Viele of Salt Lake, was of considerable help also in working out this difficult problem.

On this same trip we were down in Bear Lake County, Idaho, and recall in Paris we saw a sign on the hotel "English spoken here". This is not typical of the area, but a peculiarity of the operator of the hotel, but I know it did strike us rather funny at the moment.

I forgot to mention, Ellis, that up in that sage-brush country north and west of St. Anthony, there is now a tremendous phosphate development program going on in that area. We reserved one-half of the minerals even in those items that we threw in Schedule I and were out in the sand-dune and sagebrush country, and the Annacanda Copper has a very sizeable phosphate

plant in that are at the present time.

Mr. H: Bernard, that proves the old statement, that there is some value of every property, although sometimes it may be hard to see.

Mr. D: That's right, Ellis. As you recall, in our program mineral reservations were retained in the sale of many of our properties. In fact, today we have mineral reservations in a little over a million and a half acres located in 33 different states in the country. While we are talking about Bear Lake County, Idaho, we recently leased some lands for oil and gas development on the east side of the Lake. The Shell Oil Co. had drilled two or three exploratory wells in the area. The Standard Oil of California has a block of approximately 20,000 acres on which they have done geophysical work and plan to do some drilling in the area in the near future.

Mr. H: Bernard, your statement of mineral reservations is interesting, however my first experience with a mineral reservation comes from the Dorset farm in Seleria County, San Joaquin Valley, California. That farm was one which had been irrigated from wells and the pressure had gone down, so that at the time it was a dry farm and there was considerable talk that the price ought to be discounted. In making an appraisal inspection of that farm in 1937 I noticed that on the adjoining farm there was an oil drilling outfit, and walking over we found that the well had been completed and while not operating it looked as though the minerals were of exceeding importance. As a result, my appraisal recommendation was that that farm should be withdrawn from the market until the development could be explored further.

Mr. D: I recall your report, Ellis, pertaining to this, and you might be interested in what has happened on this particular property. This property contains 1200 acres. This property was leased for oil and gas to the Tidewater Associated

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Oil Co. a number of years ago for \$12,000. bonus and \$1.00 per year delay rental for a term of five years. They carried this lease two years and dropped it. The next year the Shell Oil Co. paid us \$12,000. bonus and \$1.00 per year for two years, and dropped the lease. The following year the Gulf Oil Co. leased this land and paid us a bonus of \$12,000. and did not continue to pay any delay rentals, and consequently dropped the lease.

At this time the Tidewater came back and wanted to buy our gas rights in this land and after considerable study by our consulting geologists, it was decided to sell the gas not associated with oil in this land down to a level of 11,000 ft. below the surface, for \$25,000. We sold the surface rights and reserved all the minerals underlying this land. The surface rights bringing \$48,000. That was in 1948.

In 1952 I again leased our mineral interest in this property under 11,000 ft. and any oil not associated with gas above 11,000 ft. to the Shell Oil Co. for a bonus of \$12,000. They paid a delay rental of \$6,000. in 1953 and again in 1954 they paid the same amount. They have just completed a dry hole drilled to a depth of 11,626 ft. but we were advised just recently that they are planning to drill to 18,000 ft. on this particular property.

Well, Ellis, we got off on the mineral side of this thing, and as you know, I am kind of nuts about that at the present time, so perhaps we had better

get back to some of the things that happened some time ago so we might record them here for future reference.

As I recall, you were down in the Dry Gulch area in Utah when we started talking about minerals.

Mr. H: Well, Bernard, I got safely back to Cincinnati, and spent a little time with the family, and then it seemed there was some important work to do in California, so then a trip out west and home again just in time for Christmas.

Mr. D: As I recall back, during that period, Ellis, I am somewhat conscious stricken about the many trips you made into the territory, but I want you to know that it certainly was a great relief to me, as I had great confidence in your ability and the work you did.

In the planning of our program for 1938 we took into consideration the results obtained from the analysis of our appraisal program and the things that needed to be done on many of the farm properties owned by the Company at that time. And since our field organization was then set up under rather large offices - Minneapolis - Kansas City - Atlanta - Memphis - Dallas - Portland - Salt Lake City - Denver and Fresno County, Calif. - we were convinced that more intensive work must be done with individual properties in order to put them into marketable condition so that the policy holders might realize out of them more near the value of each individual property. On discussing the activities in the Minneapolis office with Mr. J. C. Hatfield at that time it was suggested that you go to Minneapolis and be in charge of the Farm Management and Rehabilitation program at that time.

I recall, also, that in our discussion it was mentioned that you should go immediately. I advised Mr. Hatfield at that time that it was very near Easter time and it was thought advisable to delay it for a short time, due to the fact that both your son and my son were to be baptized on Easter Sunday. Consequently your departure for Minneapolis was delayed for that event.

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Mr. D. (contd): This was an eventful period in the history of our field organization, because certain conditions became evident to the management of the company at that time, that certain changes needed to be made.

I believe you arrived in Minneapolis about one month before the change in the management of the Minneapolis Branch Office took place.

Mr. H.: That's right, Bernard, and that was a rather hectic month around the Minneapolis office. The change was known and the personnel in the office was undecided where their loyalties should be placed. After spending a few days in the office I decided that I had better make a field trip and spend the better part of the month surveying properties, getting acquainted with the field representatives, and the problems in the field, as I did not want to get involved in the office politics. Bernard, that experience as Farm Management Supervisor from the Minneapolis Office, which covered the farms in North, South Dakota, Minnesota, Montana, was really quite an experience. I remember one of the problems involved was the lack of income from the properties. Perhaps you recall the poker game we started with the field representatives to increase the income of the farms. The objective was to

increase the farm rental in their territory by \$50. a farm. That was the first bet. I recall that they called me on that and then later I raised them twice more before the poker game played out.

We had a lot of fun, calling each other on the income of the farms in our poker game, but the real pay off came when Carl DeBuck told us that it had increased the income from those farms in the neighborhood of \$300,000.

Mr. D: Ellis, that's a lot of money, particularly when you consider that it is an increase over what you had been receiving from those particular properties. But I do think it illustrates the importance of team-play and competition and incentive in accomplishing things and getting things done.

Mr. H: As a matter of income, I recall a farm in Traill County [North Dakota], of 320 acres, which had grown up into quack grass and the income had been in the form of rent notes which had never been paid. In order to get the farm operating it was necessary to give a two-year lease on the property, with a 1/8th share to the Company, with the provision that the tenant work out the quack grass which was a very expensive proposition for him. However, it really paid off as he harvested a crop the second year in the neighborhood of 80 bushels of oats, 48 bushels of wheat and a barley yield comparable to the oats and wheat yield per acre. With this crop growing on the farm the Field Representative had no difficulty whatever in selling the farm for the price established by the Company.

Mr. D: I recall that farm, Ellis, it was right at the bend of the road, and had a very nice set of buildings on it, and in a very fine community. After this one was worked out, do you recall the Posey farm over on the highway north of Courtenay, in Stutsman County [North Dakota]?

Mr. H: Well, there were many experiences, for example the Balsam Camp farm near Sykeston, a 640 acre unit with a good house, but the barn had burned. It joined town and it had not been rented for several years. In order to find a tenant we dropped in for a visit with the priest. He said I have just the family for you if you will build a barn. We agreed to build the barn and asked if we should contact the tenant. He said no, that is not necessary, as they want to move up this way. He was a good tenant, the farm changed appearances immediately with good operation, and I understand it was sold not

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Mr. H.: too long after that date.

Mr. D.: I was by that farm this Fall, Ellis, and it certainly is a beautiful operation, a very productive property, and a very happy family living on it. They paid for that farm in full.

Mr. H.: Bernard, you recall that some of these farms presented unique problems. For example, the three tracts, I believe, unimproved, which laid southeast of Westhope, in Bottineau County [North Dakota]. With A. T. Johnson, who was Field Representative we worked out a program of moving a set of buildings from a very poor quarter section, which was isolated from the rest of the Company's properties, to this farm. It made an excellent unit and Mr. Johnson was able to sell it shortly after the improvements were completed. Since most of the Bottineau properties have been paid out I presume this farm had about the same experience. What do you know about it?

Mr. D: Ellis, this Fall, when I was talking to Mr. A. T. Johnson, he was telling me about this experience, and told me that he was quite surprised that a program like this could be carried out, but evidently you had convinced him that whatever was the right thing to do on a Company farm was good policy and he was telling me about visiting these folks recently. They have modernized the home and they have paid for the farm several years ago, and it is now right in the midst of a very active oil development area.

A tract of land about 80 rods from this property was recently leased with a bonus of \$100. per acre, and a well is now drilling on the property. We have not leased our interest in the minerals on this property, and Paul White, the fellow who bought the property, and we are cooperating with each other, attempting to work out a good deal in that area.

While we are talking about Bottineau County, you no doubt recall the Banker, William Munn, at the Peoples State Bank in Westhope. I visited with Mr. Munn this Fall, as I have on each occasion of my trips to the area, and he never gets over talking about what good work the Union Central did in this area. In fact he told me on one occasion that his Bank owned some land adjoining that of the Union Central and was being criticized by the Bank Commissioners for holding this particular property at the price he was asking for it. When he told the Bank Examiner what the Union Central was selling lands for in the area it relieved him of considerable pressure on the part of the Bank Examiner. For this alone he was quite thankful, and also has been very helpful in financing our tenants. He told me that whenever one of the Union Central tenant's was recommended by A. T. Johnson that he would go along financing him in his farming operation. This also applied to folks who purchased land from the Union Central.

In 1946 we were up in that area, President Cox, Vice President Quick, Mr. Hatfield, and several other folks, when we were hunting up in the Dakota Mountain country, which lies East of Bottineau and also of Westhope. We thought it advisable to have the Home Office folks call on Mr. Munn and a luncheon was arranged at the Westgate Hotel. While the lunch was being had Mr. Munn re-iterated to Mr. Cox his appreciation of what work had been done and told him that both he and his two sons had \$10,000. life insurance policies they would like to place with the Union Central if they knew who the agent was in that area. You can rest assured that they were called on immediately. But I believe this is just a portion of the good will that constructive work created for the Company in a large part of the country.

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Mr. D. contd.: Ellis, you recall the Condit farm just west of Westhope. He showed me a photograph one time of a bobbed-tail steer standing up on the banks of a dug-out pit there.

Mr. H: Bernard, when I was working in Bottineau County there was a Condit farm which was a problem area, not only from lack of water, but from wind erosion. I remember the water problem was solved by a pond and well attached to the pond which allowed the water to filter into the well. And under A. T. Johnson's management, with strip cropping, the farm began to be leveled out and produce somewhat in accord with its possibilities. It had good soil, but had been battered around quite a bit by the wind. Like many other soil conservation practices, this was looked on with skepticism by the neighbors, but after seeing the results they, too, took on the practice, and

I think it became generally adopted in the area; however, I have not been back in the area for a considerable time and do not know what it is like now.

Mr. D: Ellis, you would be pleased with the program you started on this farm, because I have visited it a number of times. Eddie Bernetson, who bought this property, has continued the strip cropping program and has a very substantial acreage of alfalfa growing on that area that was duned up a few years ago, before you started your program on it.

There is another interesting thing on this property. When we sold it we reserved half the minerals in it, and the first well in the eastern part of the Williston Basin was brought in on this property. It is not too heavy a producing well, but has been consistently producing the same amount of oil for the last two years. Bernetson paid for this farm out of his first four crops raised on it. He is very friendly to the Company, and is still using that well which you started way back in 1938 or 1939 for household water. This is another example of property put into production by remedying a condition which made it inhabitable for a number of years, that is, it did not have a supply of domestic water.

Mr. H: Bernard, the restoration of the Company farms throughout the several States was a wide program, which has many facets, as I recall it, but it seems to me that the soil restoration as mentioned in some of these isolated instances, or as a community project, as mentioned in the Hecla area, the quack-grass eradication in North Dakota and Minnesota, and the pasture program which came later in Nebraska, were some of the things that had a lot to do with setting up these farms as going concerns, which enabled the purchasers to go ahead and make a living on the farm such as they were entitled to do.

I first remember the Hecla area in Brown County, South Dakota, when in 1937 I met with the appraisers working in that area. They were at a loss how to value this land. It had basically good soils but had been badly damaged by wind erosion during the drought area, and after considerable discussion with the group of appraisers working in South Dakota under John Cunningham and Ray Harris, it was decided that a value should be determined at its improved condition less rehabilitation costs. On this basis a value was established on these properties.

My next experience with this area was in the spring of 1938 when in connection with you, J. C. Hatfield, Vice President, Glenn Bryant, Ed Schneider and Jack McGillivray we stopped at the Brown County area on a trip from Des Moines which circled over a wide area and wound up in Minneapolis. I will never

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Mr. H. contd.: forget Mr. Hatfield's statement, when we were inspecting the Aarnes farm, which was one of the worst damaged farms in the area, and Mr. Hatfield said: "Well, Ellis, this is your baby, what can you do about it?" In conjunction with Ed Scheider, who was Manager at Minneapolis Office, Jack McGillivray, Assistant Manager, and Clyde McGinitie, the Field Representative in that territory, a survey was made of these properties and a lot of study was put into them. I can recall wondering why trees grew in the area and yet there was no moisture on the surface to start small crop

growth.

On one of the first trips out there we, that is Clyde McGinitie and myself, were visiting these farms in a windstorm and the sand was drifting quite rapidly. A little later in the day the wind stopped and it started to rain, and we stood out at these sand dunes, watching the effect on the rain. The wind had whipped this soil until the organic matter was gone, and whenever a raindrop hit the fine sand it formed a little ball and soon all the water ran off the dunes, rather than soaking in, which you would naturally expect. This led to the conclusion that we had to find a program of restoring organic matter to this naturally minerally rich soil. After many trials drilling corn into the fields was found to be the quickest approach.

I will omit many of the mechanical details, but recall an incident with the then AAA program of the Government as a result of this corn seeding. They claimed that the Company had over-seeded their corn acreage and proceeded to try to make an example of the Union Central for violating Government controls. After having the State Committee of the AAA visit the area they decided that the purpose was not to produce corn to add to the surplus already on the market but that it was an erosion control. The upshot of the matter was that the following year the AAA in South Dakota approved seeding corn in this manner as a soil building practice and offered government payments for farmers who would do this on wind-blown areas. They even had Field Representative Clyde McGinitie on the radio to explain the program.

Clyde McGinitie, in explaining this program, showed that the corn was seeded at the rate of 3 to 4 bushels per acre, with poney drills, and that it was drilled in cross drills in rows about 10 inches apart. The result was a very thick stand of corn, which withstood the wind erosion. This furnished some growth and then the next step in leveling was one in which nature helped. It was evident that the wind had piled up this sand so with a little help we got the wind to unpile it. The men who was operating, Ray Slaight, would go on top of the dunes with a disc, keep them loose, and the wind would blow the sand from the dunes back into the lower places which had been covered with a growth of corn. While this was not an ideal leveling process it was much better than the high dunes at the time.

Of course, after the vegetation cover had been established re-seeding to grasses, leveling with farm machinery and other processes went ahead to restore this land to its original condition. One of the interesting sidelights on this was that while the community at the start of the program was very skeptical of a big insurance company with tremendous amounts of wealth back of it starting a program which they couldn't follow; however, when they watched and noticed the results they decided they could do it on their own land and some of the leading farmers took up these practices. Later on the farmers who had been tenants and who stayed in the community began to purchase these farms and re-established farming practices in a community that had been very, very depressed from the results of the drought. When the cover was established on these drifted lands then it was possible to start a strip-cropping

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Mr. H. contd.: program of corn and small grain. At the start these strips were very narrow, about ten rods wide, and I know that the first year it was tried on the Aarnes farm that the corn yield of 20 bushels per acre was considered quite an outstanding achievement in the community. However, this

yield has been greatly exceeded, now that the program has continued, and as soil improvement practices, including sweet clover, alfalfa, grasses and other good farm management programs were followed, that this 20 bushel yield now looks puny.

Mr. D.: Ellis, this is very interesting. And another thing we note in that area today, that folks are not burning off their stubble as they did many years ago. The not burning of the stubble helps incorporate organic matter back into these soils in the area, and the folks operating lands in their now agree that it is a very good practice. That is, to incorporate the stubble and trash on the ground into the first few inches, rather than to burn it off as they previously did.

Mr. H.: Well, Bernard, it is just a case of getting back to the old principal of working with nature, rather than against it, and possibly this is the basic fundamental in any farm management program.

Mr. D: That is right, Ellis, and many of the folks in the Great Plains Country continue to follow the practices which were followed by you and your associates in that area.

To see that northeast Brown County area today is to see almost a garden spot. The homes are modern, well painted, and REA lines, electricity, is available to practically every one of them, there is a very fine set of livestock in the area which did not exist a few years ago, and the quality of the cattle, hogs and sheep are much improved over the types found in the area a number of years ago.

This principal of working WITH nature, rather than against it, certainly has worked out well in the Union Central's general farm management and land rehabilitation program. Whether the soils be in Georgia or North Dakota, the same basic principles apply, that you cannot take more out of the soil than you return to it. In order to improve it, something in addition to that which has been removed, must be added to it. The incorporation of the trash and stubble into the first few inches of the soil rather than plowing it clear under with a mold-board plows, but by using disc-plows and some of the newer Graham-Homey tools, have meant a lot to the Great Plains County.

Ellis, in talking about Brown County, you may recall the property about 7 miles east of Hecla, wherein there were tremendous blow-outs. One I recall was about 500 feet long and 40 to 70 feet in width and from 6 to 7 feet in depth. You remember that particular blow-out, or one of these blow-outs, where all that land had piled up along the fence row to the south of it?

Mr. H: Bernard, I surely do remember that Walter Lee farm; however I had very little to do with the restoration of that farm, as this one was about 15 miles from the base of operation when we started, and we did not have adequate machinery or tools to cover the entire county. It was a case of starting at the center of the problem and working out in larger and larger circles, and I left the area before the operation reached this farm. However, it was a dandy of a problem.

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Mr. D.: I know that you and I were the Walter Lee land out there one day when the wind was whistling through the house where the windows had been

broken out, and life³ the old colored fellow down in South Carolina, the house was really crying when the wind blew through it. The barn, as you will recall, Ellis, and also the corn crib, had the soil blown out from under it and they were standing up several feet from the present ground level. This dirt was all piled up along some fence rows, about a half mile south of the buildings. But these blow-outs were all pushed in, and some of the dirt was hauled from the pile in the fence rows over to fill them in, and other dirt adjoining the blow-out was pushed in to it and it was seeded to rye and alfalfa, and I was by that in the fall of 1954 and it is one of the most beautiful fields any one would want to see.

Mr. H.: Well, you know it is interesting to get a report on the development of a community, and I feel happy that I may have had some small part in restoring it to use and productive capacity.

Incidentally, Bernard, at the same time the soil restoration program was going on in South Dakota, I have often wondered how the quack grass eradication program has worked out in, and what these lands are doing now. Of course you know the Union Central program of working quack grass with the field cultivator, of crossing, re-crossing, and criss-crossing, to pull out the roots was later published in a Bulletin by the Case Company, called the Case method of eradicating quack grass. While we didn't use any case field cultivators they apparently liked the method.

Mr. D.: Ellis, you remember when you, and Chris Sorenson and I went over to the Agricultural School at Fargo we talked to one of the agronomists there, who told us that we were silly, or in similar terms, to even attempt to eradicate quack grass, that it was one of the native grasses in that area and he felt we were unwise in trying to spend any money on quack grass eradication. But, as you will recall, Ellis, our survey up there indicated that we had over 60,000 acres in North Dakota that had been classified as non-crop land under the AAA program because it was infested with quack grass, but our problem was to get this land back into cultivation so that it could be marketed.

You will recall the difficulty we had in getting this land re-classified and that I had to go down to Washington and talk to some of the AAA folks down there, and they felt reasonably good toward our program of taking this quack grass out and seeding it to flax, flax being a very important crop for the war effort, and they told us that if we could get the approval of the State Committee that they would approve the practice in North Dakota, that is if we would turn this quack grass over and seed it to flax on a given acreage per year that they would go along with it.

You will recall we talked to John Casper, who was the AAA chairman of North Dakota, and explained our program and told him that we had learned in Washington, and I know his attitude was very cooperative and indicated if we could get the approval of the County Committees that the State Committee would go along with it.

I recall we did contact a few of the County Committees and they were more or less agreeable, and we then decided that rather than waste any more time on

³ Lived

contacting County Committees that we would just develop a program and start the work.

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Mr. D. contd.: You will recall, Ellis, you mentioned Case getting publicity to a program for eradication of quack grass, but we originally did start out with Case tractors. Chris Sorenson was our supervisor in North Dakota at that time, and having been with the Case people he recommended that we start out with the small-type Tractor, but we soon found out they didn't have sufficient power to pull the field cultivators, and it was necessary to resort to heavier type of equipment.

Mr. H.: Bernard, your mentioning of equipment. I do not believe you were present at the time we started quack grass eradication and bought some equipment for the Red River Valley on the Minnesota side? At that time we had several implement companies with their equipment and the need for heavy equipment was very evident at the time in the heavy Red River Valley soil, especially when it came to pulling out quack grass.

One incident nearly result in an accident, when the Oliver dealer tried out a small row-crop tractor hooked to a big field cultivator. The operator thought he could pull it in high gear and his tractor reared and it was only his presence of mind in throwing out the clutch that prevented the tractor whirling back on the cultivator and possibly an operator under it.

After that incident Ed Schneider and I, who were charged with the responsibility of getting equipment, decided that it should be heavy.

Bernard, and interesting side-light on Otter Tail County, Minnesota and Red River Valley development program was an incident several years after I had left the territory and was stationed at Grand Island, Nebraska. The family and I were vacationing at Uncle George Coffee's cottage at Batter Lake and we took Walter Coffee⁴ over to see the operation with the big machinery. You will recall that Walter Coffee was the former Dean of the College of Agriculture at the University of Minnesota, and that he was later president of the University. At the time of his activities as President of the University was so heavy that he had not been able to follow some of the agricultural practices too closely, and he spent a very enjoyable day seeing the operation as conducted by the supervisor of the area, Clem Barnes. Bud Schneider was also present, and Uncle Walter was quite impressed with the operation. Later on, when he was golfing with his banker friend at Fergus Falls, he was telling him about the operation and the Banker felt that Union Central was spending a tremendous amount of money to restore land which they would not be able to recover. When he mentioned this at a later date I remember writing you for the figures, and Uncle Walter said he got a lot of satisfaction in being able to relay to the Fergus Falls Banker that the operation had paid off handsomely. I do not recall the figures, but no doubt you have them available in your office.

⁴ Walter Coffey. born: 1 February 1876, Rugby, Bartholomew, Indiana, University of Illinois, BS 1906 MS 1909, Dean College of Agriculture 1921-1941, President 1941-1945, University of Minnesota, member, Federal Reserve Board 1938-1945, died 31 January 1956, Orlando, Florida.

Mr. D.: Ellis, what we knew as the Breckenridge Project in the Upper Red River Valley on the Minnesota side was quite a problem. We had over half million dollars invested in four counties in that area, and as you know basically those soils are very good, but during the dry time the drainage ditches, which had been through that county in previous years, drifted full, and after the rains came it was a practically wet area and quack grass became quite prominent in many of those properties. Our problem was to help restore those artificial ditches and help with some natural drains that had also been filled up.

Our results in that area were very gratifying. It took a long time, some five years, in order to get all that acreage into a good state of cultivation, but we were raising crops on the lands where we were working out the quack

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Mr. D contd.: grass, particularly flax and wheat seemed to fit into our program very well and I recall distinctly on one half section of land that had been worked on in 1944 and we had reasonably kill of quack grass - although you know you can't completely kill the quack grass - as they say with your wife - you just work it down where you can get along with it, and then we never felt like it was completely eradicated.

On this particular tract we seeded it with flax in the spring of 1945 and the crop was in early and it froze. When the boys up there called in and said our fine stand of flax had been killed and what should they do. I asked them if they wanted to raise flax and they said yes, we will start seeding flax, so in 2 ½ days time they had that 32 acres re-seeded to flax. That fall we took off a crop of flax that paid us little over \$9,600 over and above our expense, and our investment in that half section of land was \$7,600. It was subsequently sold for \$12,000 and while we were operating it we took three fine crops off it, so that was perhaps the most outstanding property in that area, but we had very similar experiences on others, however the profit margin was not quite as great.

But the program tried out did restore to productivity and marketability, and as a result all those farms were sold, and just a few of them now still have an unpaid balance on them.

While we were eradicating quack grass we tried some commercial fertilizer on some of these lands, and our results there were quite beneficial and it certainly showed the need of particularly nitrogen and phosphorous in the soils of that area.

Mr. H.: Yes, I recall on this vacation trip seeing some of the results of the fertilizer tests as well as the quack grass eradication program. An interesting remark by Walter Cofee was, after seeing this: "Why Ellis, who is directing this program? How did it happen that they have such a progressive approach on the program?" And I was happy to tell them that you were the man in charge.

Mr. D.: Ellis, I believe a summary of our operations in this area indicates that when we had the expense we incurred in rehabilitating these properties to the book value which we had invested into each property, also to add the income we received while operating the property to the sale price which we received for them when they were sold, we had little over \$120,000 more money

from the sale and income of these properties than what our expenses and book value amounted to, and not only just the profit side of it, but were able to put back into production a great many hundreds of acres of land that had lain idle for years, turning you might say a dead asset into a profitable property.

Mr. H.: This commercial and financial return is very gratifying indeed, and I think you should add to it that it had a great morale value to the community and to establishing a citizenship of a prosperous, satisfied farmers that are so essential to the develop⁵ and property of any community, and to the Nation as a whole. It was a far-reaching program which has paid off in more ways than one. I know that while I was Manager of the Nebraska territory that it was especially gratifying to see some of these young farmers take advantage of Union Central farmers and income in order to establish themselves and to really get ahead. In fact, the human element of the thing was much importance to the community and I know it was appreciated not only

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Mr. H. Contd.: by the folks whom purchased farms, but by business men in territories in which we operated.

An example of this is the reaction of the McClimants, who was Regional Director of the Soil Conservation Service for Nebraska, Dakota, Wyoming. I believe this is the total area covered by his office. One day, while I was calling on him in Lincoln he asked if the Union Central's policy was the same in other states as it was the area where he operated. I told him it was, and he said: "Well, that is where I want my life insurance, because they husband all there assets as carefully as they do their farm properties it really is a safe place to invest."

Mr. D.: I remember you mentioning this, Ellis, telling Mr. McClimans that he could call on Ellis Verink, our Agent, in Lincoln, who assisted him in his life insurance requirements. Not so long ago I talked to Ellis Verink when he was in the Home Office, and we recounted something about this conversation with McClimans and Ellis told me he had sold well over \$300,000 worth of life insurance to McClimans and his associates in the Soil Conservation Service in the area of which he is the director.

So I think that good begets good, that if we do good in our work that it will reflect back to us, and I think that is true in any line of endeavor.

Ellis, you went into Nebraska, I believe it was along in 1942, wasn't it? That is, you went there as State Manager, after having spent some time in the Home Office, and I would like to talk a little bit about some of the things you did from the time you came from the Minneapolis Office back into the Home Office and then on out into Nebraska as State manager.

Mr. H.: Bernard, after I came from Minneapolis to the home Office I spent some time on building rehabilitation, working with the various Farm Management Supervisors out over territory covered by the Union Central. This was an interesting project and was really the finishing touches in putting the farms in condition for sale.

⁵ development

One day, at lunch, you mentioned that there was another problem that you thought I should be working on, and that was the Frazier-Lempke cases which was bothering the Investment Committee of the Company. An analysis of these cases showed that there were about two million dollars involved and that there were tied up in litigation under a law which seemed to give all rights to the former borrower rather than the mortgage holder. The program outlined on this was that an analysis was made of a certain number of cases in each territory, in fact all the cases in a territory, and then they were discussed with the Special Committee, with the idea of arriving at a solution for each case.

Mr. D.: Ellis, I recall this group of Frazier-Lempke cases. They were ones wherein the borrower was taking advantage of the Frazier-Lempke Bankruptcy Act, which was quite unfavorable to the lender, and after this group of cases was assembled, as you mentioned, they were taken before the Special Committee and I think they gave you authority to go out and work on each case and to make a work-out that would be practical from the Company's viewpoint and equitable from the borrower's viewpoint.

Mr. H.: That is correct, and in contacting these borrowers through the State Managers it was often found that these borrowers had been given bad advice by various people. When a common-sense, business approach was made it was often possible

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Mr. H. contd.: to work out a program which was satisfactory not only to the borrower, but also to the company. Sometimes where the borrower was deserving the loan was refinanced over the period and one of the happiest borrowers we had in Nebraska was a man who was able to repurchase and refinance his farm on this basis.

The work-out on this case was rather interesting, as Harry Jenkins, who was then manager in Nebraska, and I contacted first his attorney, who was representing him in bankruptcy proceedings, and then we had the borrower in to the attorney's office. After going over the entire situation and finding the background what the situation was, a proposal was made to refinance his loan on the basis of the current contracts we were offering on Company-owned properties in Nebraska. He accepted this against the advice of his attorney, and about three years later I was near his farm and I went out to call on him. He had improved the property, his loan was paid down to approximately half the amount he had at the time it was refinanced, and the farm was really well operated. It was a rolling farm and he was strip-cropping the entire farm and it was very gratifying indeed to see him get ahead. Of course not all of these cases worked out so happily. Sometimes the borrower was not very willing to believe that we were shooting straight with him.

I remember one case in Nebraska where it was agreed that we would lease the farm to the borrower for two years, keep the farm off the market, and give him first chance to buy the farm at the Company's investment, which was approximately \$100 per acre. The borrower's attorney drew up the Deed for him to sign, and Wendell Huff, the Field Representative, drew up the lease. With all the papers on the desk the borrower said, well who is going to sign that lease on behalf of the Company. This was an instance where the authority given by the Special Committee was of value, as I signed the lease, pushed it over to him, told him to sign as soon as the Deed was completed.

He did so, and the case was withdrawn from bankruptcy. The Company carried out its part of the proposal and at the end of two years the buyer decided he was too old to farm anyway and that he had received quite a lot from renting the farm and that he would rather retire and turn the farm over to the Company.

Another case in southeast Nebraska was one that involved a considerable amount of money and several heirs were involved. It seemed that there was some disagreement among the heirs but the biggest stickler was the attorney who represented them. One day, while I was talking to him, I noticed on his desk some of the sample bottles from the Union Central medical Department, and I asked him if he was a policy holder. He said he was, and then I asked him why he was working against himself in this case. He laughed and said; "Maybe I am." From then on the case worked out very well, and the Company was paid in full within a period of a few months.

Mr. D.: I know, Ellis, from the work-out you made on these Frazier-Lempke cases that each and every one of them was settled in a satisfactory manner. I think this is an example of good management and resourcefulness on your part to carry out this program, and I know President Cox of our Company has referred to it on many occasions as being an example of what competent personnel can do. But it was just another one of those problems where the slogan of "Do something about it" was effective.

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Mr. D. contd: Ellis, after this program was completed I believe you were made manager for the State of Nebraska along in 1942 sometime.

Mr. H.: That's right. The duties as Manager were somewhat different than any I had followed before, but I found that the 900 odd properties in Nebraska were really good merchandise and while rehabilitation was a problem, as in all areas, they were located in a territory where sales were possible if the proper approach was made. Of course, this was during the war period and one of the first problems which we ran into was gas rationing.

It looked for a while as though the Union Central field force of some 30 people was going to be grounded for lack of gas, but later, by combing through the records we found that on these farms operated by the Union Central about \$800,000 worth of corn had been produced the preceding year. This information was presented to the rationing board, and they felt that such a production was really a tremendous asset to the war effort and from then on our representatives had adequate gas to move as they desired.

One of the soil restoration programs needed in Nebraska was of returning some of the land which had previously been cropped to pastures. This program was one of re-seeding to native grasses and equipment was purchased, including drills, tractors, and grass-seeders, and in fact, Bill Monroe of the Grand Island Seed Co. told me that the Union Central was the biggest purchaser of grass seed during the war time of any buyer in the State. This re-seeding program, together, with ponds and adequate water supply on these pastures, enabled us to move into strong farms that had been undesirable as crop farms, but very desirable as livestock and ranch units.

Mr. D.: I remember a good many of these properties, Ellis that we surveyed and determined on a program of seeding back to grasses the lands that looked like they were better adapted to grasses than to cropping.

You will no doubt recall the Combs property out there, Ellis, where we were out there early one morning, looking over this area, and some one - I remember you, and Staff Wembly and Art Sheaff and I - were standing on this land looking it over and all at once somebody said: "Don't anybody move." And a big rattle snake was crawling toward us, and as we standing around in a circle discussing the problems on the farm this big rattlesnake crawled right through our circle and went down and sought shelter under a weed a few feet away. I recall you dispatched him with your soil auger by a few thumps on the head. So this became a new use for a soil auger.

That particular property I know was re-seeded to a fine set of grasses. You also built some ponds in the big pasture on the property. It was sold a short time later to a cattle man.

Mr. H.: After about a year's time this grass stand looked so promising that when the buildings were rehabilitated, a barn built and adequate fences built with water in all the pastures, it was sold to a very substantial purchaser shortly thereafter.

In some of the more rolling sections of Nebraska, there was some serious water erosion from extensive cropping in the past. Some of these gullies were 8, 10 feet deep, and deeper. With the aid of a bull-dozer a program...

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...was outlined in which a series of dams were built in these gullies. The dams were wide enough that they could be crossed with a tractor, and resulted in a series of ponds holding back the water and preventing the flooding. While the land was not always leveled off so that farm implements could cross they were always leveled enough so that brome and alfalfa could be seeded so that they produced pasture in the parts that were not drowned out by the water held back by the dams. It put these waste areas into use that could be capitalized upon by the farmer, and I think it assisted in the sale of several of these properties.

Mr. D.: Ellis, there was one of these properties north and west of Grand Island that we were looking over, I believe it was in Sherman County, and when we were discussing the property with the Field Representative he made the statement that he was afraid we were going to have a big crop of corn in that field that year.

Mr. H.: Bernard, that was just too bad. Bernard, you know a lot of things which were done in the Union Central program was a result of the organization which had been built up, and the willingness of the Field Representatives to see the program and do something about it. These men were aggressive, willing, and with the goal to shoot at really gave every effort that could be expected, and more, too, to achieve the goal. I know that the time we offered to throw a party for the Field Representatives and their wives for a million dollars worth of sales that there was a tremendous sales effort put on by the men and they achieved their goal.

Incidentally, that party was attended by you, Mr. Hatfield, Mr. DeBuck, Mr. Thayer and the fact that the top officials from the Home Office were willing to come to a meeting of this kind really gave them inspiration. In fact, they brought in about a hundred thousand dollars worth of sales to the meeting to present to the home Office officials.

Mr. D.: Ellis, I recall your first million dollar sales celebration, and I also recall that there was a lot of inspiration on the part of your entire organization exhibited at this meeting. If my memory serves me correct, there was a challenge put out to have a two million dollar celebration at the end of the following year.

Mr. H.: That's right, and the Two Million Dollar party was held. An interesting side-light on the Million Dollar Party was that we gave a Stetson hat to the Field Representative who made the sale that crossed the Million Dollar mark, also the Two Million Dollar Mark. At the Two Million Dollar Party the Field Representatives felt that this hat deal was rather one-sided, so they presented me with a Stetson, which I still have.

Mr. D.: I think that is evident, Ellis, of the appreciation that your organization held for you, and the Company. Of course we realize that while they were making these sales they were also improving their own position. Ellis, another thing that always into my mind about our Field organization - that they were paid reasonably well for their time and effort from a monetary viewpoint, but it always seemed to me like there was something else obtained by these men, and that was confidence in themselves, that they could do a job that was difficult. No belittling that side of it. And many of our men, I think, who doubted that they could do a job were inspired by you and I think, who doubted that they could do the job were inspired by you and your supervisors into accomplishing that job, and therein they obtained a confidence in their own ability to accomplish things that has enabled many...

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of those men to go forward on their own after they had completed their assignment with the Union Central. To me this is another angle of our entire program, and that was helping an employee to obtain the confidence in himself necessary to go ahead and accomplish things on his own.

I think there are several of these men who have done very well since they completed their assignment, and because of the training they received under you and your supervisors' leadership, and the confidence they built in themselves to be able to get things done. So I think the helping to solve a difficult problem has many beneficial aspects.

I know that the company in its final outcome from the sale of its farm properties realized far more than what was anticipated at one time. Instead of having a write-off of 15 to 20 million dollars in book value in the final outcome, when the expenses and investment in the properties were considered, and when the income and sale price of these properties are taken into account, that the Union Central was on the plus side by a little over 7 million dollars.

One other thing, Ellis, I think we have to take into account - or should take into account - is the fact that the Good Lord sent ample rainfall into the area that had been stricken with drought for a good many years, and I hesitate to condemn the Lord for having it dry in that territory for a period of years, yet I think that when the rains did come that the program that the company had outlined and was carrying out enabled it to be cooperate and get the lands that it had acquired back into private ownership.

Mr. H.: Bernard, the weather conditions that you mention did have a lot to do with the rehabilitation of and successful outcome of the program. I know that this is basic, but the entire thought can probably summed up into the story of the preacher who told the Wisconsin Swede that he and the Lord were making a tremendous success of his 40 acres in Wisconsin. The Swede replied that you should have seen the 40 acres when the Lord was looking after it by himself. I do not mean to be sacrilegious on this, but what I am trying to convey is that it takes effort on the part of people to achieve results, even with conditions favorable or unfavorable.

I also agree with your idea of the value of training and developing fieldmen. I have in my possession several letters from Field Representatives who have indicated their appreciation of the training they received, and with that training they were able to carry out some of the things they wanted to do later on. I do not know how to measure this in dollars and cents, but it is something that must be put on the asset side of the entire operation.

Your analysis of the entire program in which the Company came out eight million dollars ahead, instead of losing 10 or 15, is something that can be figured out in bookkeeping methods, but the other thing is something that cannot be so measured.

Mr. D.: I think that is true, Ellis, and it is impossible to measure in dollars and cents the value of the training that we all received during this period. But one thing I am certain, that the company and its personnel are far better off for having the experience.

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Mr. D.: Ellis, it has certainly been a wonderful visiting with you again here in your delightful home in Shelby, Ohio. I am looking forward to the time when we will have the opportunity to record some of the things we have missed.

I will have this transcribed and send you a copy of it, and if you happen to have time to read it and think of some other interesting items or experiences make note of them, and the next time we get together we will have another discussion of some of our very pleasant past experiences.

Mr. H.: It ahs been a pleasure, and I want you to know that the latch string is out. We want you and Marion to return as often as you can, and perhaps sometime when you are here you will have time that we can go over the farm and see some of the things we are doing here.

Mr. D.: I know you are accomplishing much with your property here, and we are very happy for you. We ourselves are looking forward to the time when we can take advantage of our property down in Darke County, Ohio, and you know, Ellis, it isn't too far between the two points, it might be to holler across and ask you to bring your tractor over may times, because I am sure that in spirit that will happen many times, because our work together and the friendship which ahs existed over a long period of time, I am sure will continue as long as we both are able to get around.

THE END

